

<b>Buy</b> <b>EUR 45.00</b> (EUR 39.50)  Price <b>EUR 38.77</b> Upside <b>16.1 %</b>	<b>Value Indicators:</b> EUR SotP 18e: 45.16	<b>Share data:</b> Bloomberg: DBAN GR Reuters: DBANn.DE ISIN: DE000A1TNU77	<b>Description:</b> Private equity both as an advisor and as a co-investor focused on the German Mittelstand
	<b>Market Snapshot:</b> EUR m Market cap: 583 No. of shares (m): 15 EV: 496 Freefloat MC: 478 Ø Trad. Vol. (30d): 1.14 m	<b>Shareholders:</b> Freefloat 81.9 % Rossmann Beteiligungs GmbH 18.1 %	<b>Risk Profile (WRe):</b> 2016/17e Beta: 1.0 Price / Book: 1.4 x Equity Ratio: 92 %

## Final H1 figures out, estimates increased, PT up

EUR m	Q2 16/17	Q2 16/17e	Q2 15/16	yoy	H1 16/17	H1 16/17e	H1 15/16	yoy
Net result of investment activity	30.2	11.3	3.7	716%	47.7	28.8	36.2	32%
Fee income of fund management and advisory services	7.6	4.8	4.9	55%	12.8	9.9	9.7	32%
<b>Net result of fund services and investment activity</b>	<b>37.8</b>	<b>16.1</b>	<b>8.6</b>	<b>340%</b>	<b>60.5</b>	<b>38.7</b>	45.9	32%
EBT	30.0	7.6	1.1	n.m.	44.1	21.7	31.9	38%
Net income	30.0	7.6	1.2	n.m.	44.0	21.7	32.0	38%
EPS	1.99	0.50	0.09	n.m.	2.93	1.44	2.40	22%

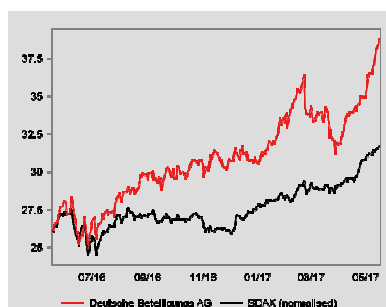
### Comment on Figures:

- Net result of investment activity includes EUR 25m in valuation gains and EUR 9m in divestiture gains.
- Fee income of fund management unchanged full year at approx. EUR 25m with the divestment of DBAG V probably resulting in slightly lower fees in H2.

- 2016/2017e net income guidance is now at least EUR 56m vs. our former estimate of EUR 38m, which still looks conservative. The guidance upgrade is essentially driven by divestitures and very supportive valuation multiples. Management mentioned that DBAG Fund V is in its divestment phase, with two participations left. Hence more deals, such as the recently announced Formel D sale to 3i (EUR 10m P&L impact in Q3), are imminent. Schülerhilfe, included in DBAG fund VI, a tutoring services provider, was just sold to Oakley Capital for a further EUR 9m P&L impact in Q3. The revised guidance, which excludes Formel D and Schülerhilfe, as the announcements came after the Q2 release, implies net income of at least EUR 12m in H2 (EPS of EUR 3.73). This would imply estimated earnings from the portfolio/investment activity of only EUR 16.4m in H2, which is basically comparable to the EUR 13.5m of "underlying" portfolio earnings achieved in H1 (EUR 47.7m less EUR 25.0m in valuation effects and EUR 9.3m in gains on disposals, and assuming advisory fees in H2 in line with H1 levels).
- Our forecasts are increased on buoyant capital markets and "ongoing fierce competition" in PE markets, as highlighted by the company, resulting in lucrative exits, and probably also raising prices on the investment side. The company's response is a marked increase in **proprietary deal sourcing** (2 out of 4 investments agreed in H1), **speaking volumes for its experience, capabilities and strong network in the German market, which are all difficult to replicate**. With EUR 52m in proceeds from disposals in H1, DBAG could well end the year with liquid assets of more than EUR 100m leaving room for a **dividend in excess of EUR 1.20**. **Buy**. New SotP-based PT of **EUR 45** (39.50).

Changes in Estimates:			Comment on Changes:			
FY End: 30.9. in EUR m	2016/17e (old)	+ / -	2017/18e (old)	+ / -	2018/19e (old)	+ / -
<b>Net result of</b>	59	77.3 %	82	8.7 %	84	8.9 %
<b>EBIT</b>	39	91.4 %	54	14.4 %	55	14.7 %
<b>Net income</b>	38	93.6 %	53	14.6 %	54	14.9 %
<b>EPS</b>	2.50	93.6 %	3.52	14.5 %	3.59	14.8 %
<b>NAV per share</b>	27.31	11.6 %	32.23	17.5 %	38.00	17.3 %

- Reflecting outstanding H1 2016/2017e results
- The resulting 10% EPS increase in 16/17 is driven by our model with a higher portfolio value at year-end 16/17e automatically resulting in higher absolute earnings from investment activity in the years thereafter.
- Model parameters unchanged compared to the upgrade note dated 26.04.17

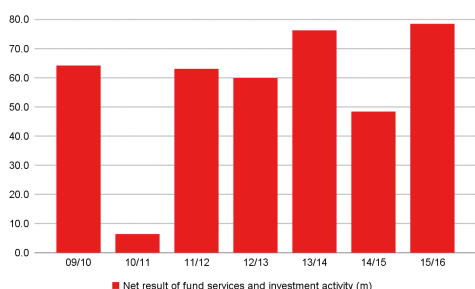


Rel. Performance vs SDAX:	
1 month:	7.1 %
6 months:	3.6 %
Year to date:	11.1 %
Trailing 12 months:	25.2 %

**Company events:**  
01.08.17 Q3

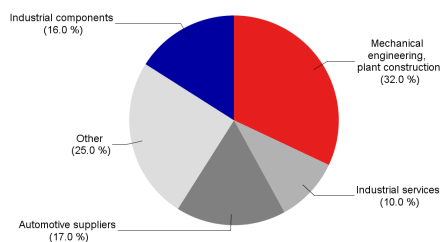
FY End: 30.9. in EUR m	CAGR (15/16-18/19e)	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
<b>Net result of fund services and investment activity</b>	5.1 %	60	76	48	78	105	89	91
Net result investment activity		41	55	29	60	79	61	65
Fee income fund services		19	22	19	18	26	28	26
<b>EBIT</b>	7.6 %	34	48	27	51	74	62	63
<b>EBT</b>		34	48	27	50	73	61	62
<b>Net income</b>	7.3 %	32	48	27	50	73	61	62
<b>EPS</b>	4.1 %	2.36	3.51	1.98	3.65	4.84	4.03	4.12
<b>DPS</b>	0.0 %	1.20	2.00	1.00	1.20	1.20	1.20	1.20
Dividend Yield		6.2 %	9.5 %	3.6 %	4.3 %	3.1 %	3.1 %	3.1 %
<b>NAV per share</b>		20.32	22.16	22.16	26.91	30.48	37.86	44.59
<b>Return on NAV</b>		11.2 %	15.9 %	9.9 %	27.2 %	10.1 %	14.9 %	13.8 %
<b>P / E</b>		8.2 x	6.0 x	14.0 x	7.6 x	8.0 x	9.6 x	9.4 x
<b>Net Debt</b>		-8	-19	-20	-42	-88	-120	-153
<b>ROE</b>		11.9 %	16.5 %	8.9 %	14.9 %	18.3 %	13.6 %	12.7 %
<b>ROCE (NOPAT)</b>		15.2 %	17.3 %	9.4 %	16.6 %	22.0 %	17.8 %	17.7 %
<b>Guidance:</b>		Net income of at least EUR 56m						

**Net result fund services & investments**  
in EUR m



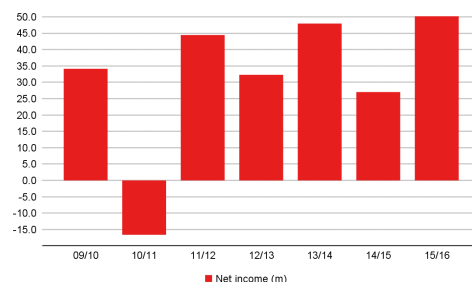
Source: Deutsche Beteiligungs AG, Warburg Research

**Portfolio by industry**  
2015/16; in %



Source: Deutsche Beteiligungs AG, Warburg Research

**Net income**  
in EUR m



Source: Deutsche Beteiligungs AG, Warburg Research

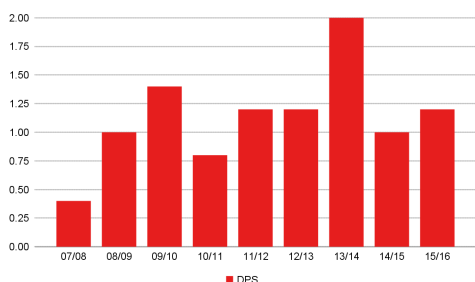
**Company Background**

- Deutsche Beteiligungs AG (DBAG) is a publicly-listed private equity firm sponsoring management buyouts (MBOs) and financing expansion capital.
- DBAG's business model is to invest its own funds (Private Equity Investments Segment) alongside funds it manages and for which it earns fees (Fund Investment Services Segment) helping cover fixed costs.

**Competitive Quality**

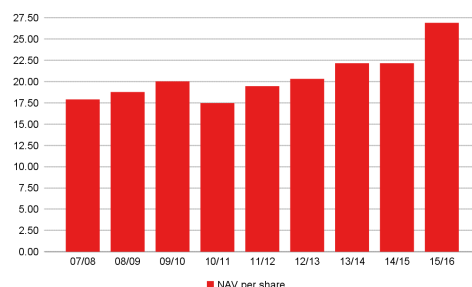
- DBAG has a tight focus on mainly direct investments in unlisted, operationally healthy German Mittelstand companies in the industrials and services sector with sales volumes of EUR 50m – 500m p.a.
- Differentiation is based on DBAG's long-standing track record. Since it was founded in 1965, DBAG has made more than 300 private equity investments.
- Investors value this experience which cannot be matched by new entrants and the very solid track record of generating a 15-year average return for shareholders above 15%.

**Dividend per share**  
in EUR



Source: Deutsche Beteiligungs AG, Warburg Research

**Net asset value per share**  
in EUR



Source: Deutsche Beteiligungs AG, Warburg Research

<b>Sum of the parts</b>			
<b>Portfolio value BY 16/17e</b>	<b>302.6</b>		
<i>EUR m</i>			
		<b>FY 2017E</b>	<b>FY 2018E</b>
		<b>FY 2019E</b>	
Gross result of valuation and disposal portfolio		90.8	70.5
Minority interest		-13.6	-14.1
Net result of valuation and disposal portfolio		77.2	56.4
Current income portfolio		6.1	7.8
Net result portfolio		83.2	64.2
Net result other financial assets		-4.2	-3.2
<b>Net result of investment activity</b>		<b>79.1</b>	<b>61.0</b>
		<b>65.1</b>	
<b>Portfolio value projections</b>			
		<b>FY 2017E</b>	<b>FY 2018E</b>
		<b>FY 2019E</b>	
Portfolio value beginning of year		302.6	391.7
Investments		60.0	60.0
Proceeds from divestments		-50.0	-50.0
Net result of investment activity		<b>79.1</b>	<b>61.0</b>
		<b>65.1</b>	
Investments			
Disposals			
Change in Debt		0.0	0.0
		0.0	0.0
<b>Estimated portfolio value at year end</b>		<b>391.7</b>	<b>462.7</b>
<i>Growth</i>		29.4%	18.1%
		16.2%	
<b>NAV estimate</b>			
		<b>FY 16</b>	<b>FY 2017E</b>
		<b>FY 2018E</b>	<b>FY 2019E</b>
Portfolio value		391.7	462.7
Minorities in co-investment vehicles		23.6	29.9
Other assets net of other liabilities		-16.9	-16.4
Financial resources		107.3	153.1
Dividends		-16.5	-18.1
NAV ex Dividends		<b>387.1</b>	<b>458.5</b>
NOSH		15.0	15.0
<b>NAV ex-dividends per share</b>		<b>25.8</b>	<b>30.5</b>
<i>Growth</i>		18.1%	24.2%
		17.8%	
<b>Sum-of-the-parts valuation</b>			
NAV Private Equity - excl. Dividends		€30.5	€37.9
DCF Asset Management (3)		5.5	7.3
<b>Fair Value per share DBAG</b>		<b>€36.0</b>	<b>€45.2</b>
		<b>€51.2</b>	

Source: Company data, Warburg Research

<b>Valuation</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17e</b>	<b>2017/18e</b>	<b>2018/19e</b>
Price / Book	0.9 x	0.9 x	1.2 x	1.0 x	1.4 x	1.2 x	1.1 x
Book value per share ex intangibles	20.31	22.15	22.12	26.85	28.25	31.08	34.01
EV / Sales	4.3 x	3.7 x	7.4 x	4.3 x	4.7 x	5.2 x	n.a.
EV / EBITDA	7.5 x	5.6 x	13.4 x	6.7 x	6.7 x	7.5 x	n.a.
EV / EBIT	7.6 x	5.6 x	13.4 x	6.7 x	6.7 x	7.5 x	n.a.
EV / EBIT adj.*	7.6 x	5.6 x	13.4 x	6.7 x	6.7 x	7.5 x	n.a.
P / FCF	n.a.	n.a.	56.2 x	659.3 x	8.1 x	9.7 x	9.5 x
P / E	8.2 x	6.0 x	14.0 x	7.6 x	8.0 x	9.6 x	9.4 x
P / E adj.*	9.2 x	6.9 x	14.0 x	7.6 x	8.0 x	9.6 x	9.4 x
Dividend Yield	6.2 %	9.5 %	3.6 %	4.3 %	3.1 %	3.1 %	3.1 %
Free Cash Flow Yield Potential	13.1 %	17.8 %	7.5 %	15.0 %	14.8 %	13.2 %	n.a.

\*Adjustments made for: -

<b>Company Specific Items</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17e</b>	<b>2017/18e</b>	<b>2018/19e</b>
NAV per share	20.32	22.16	22.16	26.91	30.48	37.86	44.59
Return on NAV	11.2 %	15.9 %	9.9 %	27.2 %	10.1 %	14.9 %	13.8 %
Net result investment activity	41	55	29	60	79	61	65
Fee income fund services	19	22	19	18	26	28	26
Net result of fund services and investment activity	60	76	48	78	105	89	91

**Consolidated profit & loss**

In EUR m	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
<b>Net result of fund services and investment activity</b>	<b>60</b>	<b>76</b>	<b>48</b>	<b>78</b>	<b>105</b>	<b>89</b>	<b>91</b>
Net result investment activity	41	55	29	60	79	61	65
Fee income fund services	19	22	19	18	26	28	26
Personnel expenses	14	17	15	16	15	18	18
Other operating income	6	10	7	7	8	8	8
Other operating expenses	18	18	13	19	24	18	18
Unfrequent items	0	0	0	0	0	0	0
<b>EBITDA</b>	<b>34</b>	<b>48</b>	<b>27</b>	<b>51</b>	<b>74</b>	<b>62</b>	<b>63</b>
<i>Margin</i>	56.9 %	66.1 %	55.3 %	64.4 %	70.3 %	69.2 %	69.1 %
Depreciation of fixed assets	0	0	0	0	0	0	0
<b>EBITA</b>	<b>34</b>	<b>48</b>	<b>27</b>	<b>51</b>	<b>74</b>	<b>62</b>	<b>63</b>
Amortisation of intangible assets	0	0	0	0	0	0	0
Goodwill amortisation	0	0	0	0	0	0	0
<b>EBIT</b>	<b>34</b>	<b>48</b>	<b>27</b>	<b>51</b>	<b>74</b>	<b>62</b>	<b>63</b>
<i>Margin</i>	56.2 %	66.1 %	55.3 %	64.4 %	70.3 %	69.2 %	69.1 %
<b>EBIT adj.</b>	<b>34</b>	<b>48</b>	<b>27</b>	<b>51</b>	<b>74</b>	<b>62</b>	<b>63</b>
Interest income	1	0	0	0	0	0	0
Interest expenses	1	0	0	1	1	1	1
Other financial income (loss)	0	0	0	0	0	0	0
<b>EBT</b>	<b>34</b>	<b>48</b>	<b>27</b>	<b>50</b>	<b>73</b>	<b>61</b>	<b>62</b>
<i>Margin</i>	56.4 %	66.4 %	55.9 %	63.7 %	69.8 %	68.7 %	68.5 %
Total taxes	0	0	0	0	0	0	0
<b>Net income from continuing operations</b>	<b>33</b>	<b>48</b>	<b>27</b>	<b>50</b>	<b>73</b>	<b>61</b>	<b>62</b>
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
<b>Net income before minorities</b>	<b>33</b>	<b>48</b>	<b>27</b>	<b>50</b>	<b>73</b>	<b>61</b>	<b>62</b>
Minority interest	1	0	0	0	0	0	0
<b>Net income</b>	<b>32</b>	<b>48</b>	<b>27</b>	<b>50</b>	<b>73</b>	<b>61</b>	<b>62</b>
<i>Margin</i>	53.9 %	65.8 %	55.8 %	63.9 %	69.5 %	68.2 %	68.1 %
Number of shares, average	14	14	14	14	15	15	15
<b>EPS</b>	<b>2.36</b>	<b>3.51</b>	<b>1.98</b>	<b>3.65</b>	<b>4.84</b>	<b>4.03</b>	<b>4.12</b>
EPS adj.	2.09	3.04	1.98	3.65	4.84	4.03	4.12

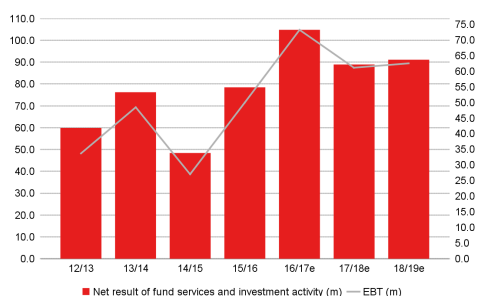
\*Adjustments made for:

**Guidance: Net income of at least EUR 56m**

**Financial Ratios**

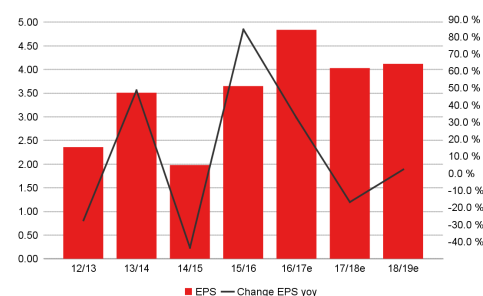
	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
EBITDA / Interest expenses	41.0 x	307.1 x	171.7 x	86.4 x	126.0 x	105.3 x	104.9 x
Tax rate (EBT)	1.4 %	0.8 %	0.1 %	-0.3 %	0.5 %	0.7 %	0.6 %
Dividend Payout Ratio	49.3 %	57.0 %	50.6 %	32.8 %	24.8 %	29.7 %	29.1 %

**Net result fund services & investments**  
in EUR m



Source: Warburg Research

**Performance per Share**



Source: Warburg Research

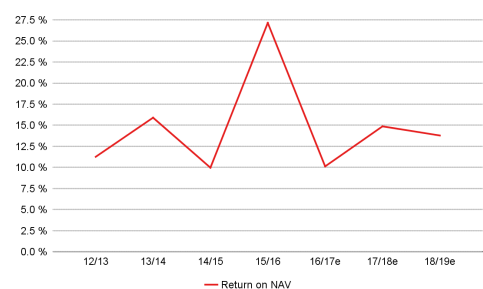
**Consolidated balance sheet**

In EUR m	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
<b>Assets</b>							
Goodwill and other intangible assets	0	0	1	1	1	1	1
thereof other intangible assets	0	0	0	0	0	0	0
thereof Goodwill	0	0	0	0	0	0	0
Property, plant and equipment	1	1	1	1	2	2	3
Financial assets	243	245	277	330	340	350	360
Other long-term assets	0	0	0	0	0	0	0
<b>Fixed assets</b>	<b>244</b>	<b>246</b>	<b>279</b>	<b>332</b>	<b>342</b>	<b>353</b>	<b>363</b>
Inventories	0	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	0	0
Liquid assets	11	28	28	57	103	135	169
Other short-term assets	43	58	20	15	15	15	15
<b>Current assets</b>	<b>54</b>	<b>86</b>	<b>49</b>	<b>73</b>	<b>119</b>	<b>151</b>	<b>184</b>
<b>Total Assets</b>	<b>299</b>	<b>333</b>	<b>327</b>	<b>405</b>	<b>461</b>	<b>504</b>	<b>548</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	49	49	49	53	53	53	53
Capital reserve	141	141	141	174	174	174	174
Retained earnings	2	-5	-4	32	89	131	175
Other equity components	86	118	117	110	110	110	110
Shareholders' equity	278	303	303	370	426	468	512
Minority interest	0	0	0	0	0	0	0
<b>Total equity</b>	<b>278</b>	<b>303</b>	<b>303</b>	<b>370</b>	<b>426</b>	<b>469</b>	<b>513</b>
Provisions	17	29	23	32	32	32	32
thereof provisions for pensions and similar obligations	3	9	9	16	16	16	16
Financial liabilities (total)	0	0	0	0	0	0	0
thereof short-term financial liabilities	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0
Other liabilities	4	1	1	2	2	2	2
<b>Liabilities</b>	<b>21</b>	<b>30</b>	<b>24</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>
<b>Total liabilities and shareholders' equity</b>	<b>299</b>	<b>333</b>	<b>327</b>	<b>405</b>	<b>461</b>	<b>504</b>	<b>548</b>

**Financial Ratios**

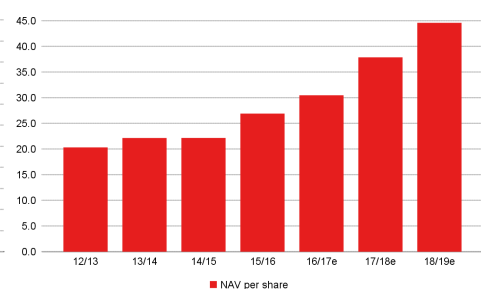
	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
<b>Efficiency of Capital Employment</b>							
ROA	13.2 %	19.5 %	9.7 %	15.1 %	21.3 %	17.2 %	17.1 %
<b>Return on Capital</b>							
NAV per share	20.32	22.16	22.16	26.91	30.48	37.86	44.59
Return on NAV	11.2 %	15.9 %	9.9 %	27.2 %	10.1 %	14.9 %	13.8 %
ROCE (NOPAT)	15.2 %	17.3 %	9.4 %	16.6 %	22.0 %	17.8 %	17.7 %
ROE	11.9 %	16.5 %	8.9 %	14.9 %	18.3 %	13.6 %	12.7 %
Adj. ROE	10.5 %	14.3 %	8.9 %	14.9 %	18.3 %	13.6 %	12.7 %
<b>Balance sheet quality</b>							
Net Debt	-8	-19	-20	-42	-88	-120	-153
Net Financial Debt	-11	-28	-28	-57	-103	-135	-169
Net Gearing	-2.9 %	-6.3 %	-6.4 %	-11.3 %	-20.6 %	-25.5 %	-29.9 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	20.3	22.2	22.2	26.9	28.3	31.1	34.1
Book value per share ex intangibles	20.3	22.1	22.1	26.8	28.3	31.1	34.0

**Return on NAV Development**



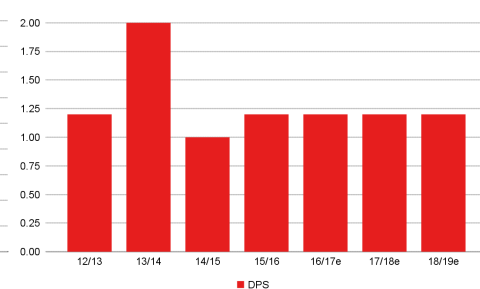
Source: Warburg Research

**NAV per share Development in EUR m**



Source: Warburg Research

**Dividend per Share in EUR**



Source: Warburg Research

**Consolidated cash flow statement**

In EUR m	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Net income	32	48	27	50	73	61	62
Depreciation of fixed assets	0	0	0	0	0	0	0
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	0	0	0	0
Increase/decrease in long-term provisions	0	0	-1	10	0	0	0
Other non-cash income and expenses	-45	-48	-19	-59	0	0	0
<b>Cash Flow before NWC change</b>	<b>-12</b>	<b>0</b>	<b>7</b>	<b>1</b>	<b>73</b>	<b>61</b>	<b>62</b>
Increase / decrease in inventory	0	0	0	0	0	0	0
Increase / decrease in accounts receivable	0	0	0	0	0	0	0
Increase / decrease in accounts payable	0	0	0	0	0	0	0
Increase / decrease in other working capital positions	0	0	0	0	0	0	0
Increase / decrease in working capital (total)	0	0	0	0	0	0	0
<b>Net cash provided by operating activities [1]</b>	<b>-12</b>	<b>0</b>	<b>7</b>	<b>1</b>	<b>73</b>	<b>61</b>	<b>62</b>
Investments in intangible assets	0	0	0	0	0	0	0
Investments in property, plant and equipment	-1	-1	-1	-1	-1	-1	-1
Payments for acquisitions	0	0	0	0	0	0	0
Financial investments	47	116	93	51	60	60	60
Income from asset disposals	67	150	114	56	50	50	50
<b>Net cash provided by investing activities [2]</b>	<b>20</b>	<b>33</b>	<b>20</b>	<b>4</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>
Change in financial liabilities	0	0	0	0	0	0	0
Dividends paid	-16	-16	-27	-14	-16	-18	-18
Purchase of own shares	0	0	0	0	0	0	0
Capital measures	0	0	0	37	0	0	0
Other	0	0	0	0	0	0	0
<b>Net cash provided by financing activities [3]</b>	<b>-16</b>	<b>-16</b>	<b>-27</b>	<b>24</b>	<b>-16</b>	<b>-18</b>	<b>-18</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>-8</b>	<b>17</b>	<b>0</b>	<b>29</b>	<b>46</b>	<b>32</b>	<b>33</b>
Effects of exchange-rate changes on cash	0	0	0	0	0	0	0
<b>Cash and cash equivalent at end of period</b>	<b>14</b>	<b>28</b>	<b>28</b>	<b>57</b>	<b>103</b>	<b>135</b>	<b>169</b>

**Financial Ratios**

	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
<b>Cash Flow</b>							
FCF	-12	-1	6	0	72	60	62
Interest Received / Avg. Cash	1.6 %	1.8 %	1.6 %	0.2 %	0.1 %	0.1 %	0.1 %
Interest Paid / Avg. Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
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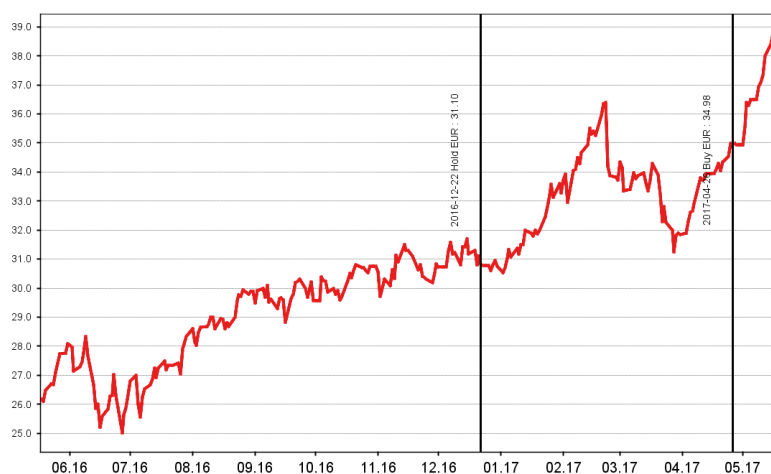
Rating	Number of stocks	% of Universe
Buy	108	55
Hold	77	39
Sell	11	6
Rating suspended	1	1
<b>Total</b>	<b>197</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	28	72
Hold	8	21
Sell	2	5
Rating suspended	1	3
<b>Total</b>	<b>39</b>	<b>100</b>

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